

ANNUAL REPORT  
OF THE  
HEALTH FINANCE COMMISSION



Indiana Legislative Services Agency  
200 W. Washington Street, Suite 301  
Indianapolis, Indiana 46204

October, 2011

# INDIANA LEGISLATIVE COUNCIL

## 2011

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Fort Wayne

Speaker Brian Bosma

Vice-Chairperson

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# **HEALTH FINANCE COMMISSION**

## **Membership Roster**

### **Representatives**

**Timothy Brown, Vice-Chairperson  
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### **Staff**

**Casey Kline  
Attorney for the Committee  
Kathy Norris**

**Fiscal Analyst for the Committee**

**A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at <http://www.in.gov/legislative/>.**

## **I. STATUTORY AND LEGISLATIVE COUNCIL DIRECTIVES**

The Indiana General Assembly enacted legislation (IC 2-5-23) establishing the Health Finance Commission to study health finance in Indiana. The Commission may study any topic: (1) directed by the chairperson of the Commission; (2) assigned by the Legislative Council; or (3) concerning issues that include the delivery, payment, and organization of health services and rules that pertain to health care delivery, payment, and services that are under the authority of any board or agency of state government.

The Legislative Council assigned the following additional responsibilities to the Commission for the 2011 interim:

- (1) Possible prohibitions on certain insurer and health maintenance organization activities related to outpatient benefits (SEA 178);
- (2) The credentialing of vendors in hospitals (SEA 199);
- (3) Whether to require a hospital to report to the state department of health the immunization rate for influenza for the individuals who work in the hospital, including employees, staff, and contractors and the manner and format for the report (SEA 366);
- (4) Whether a pharmacist should be required to notify the prescribing physician and inform the patient if the pharmacist selects a drug other than the brand name drug listed on an anti-epileptic drug prescription; and whether a pharmacist should be required to dispense a prescription in a manner to allow label accessibility to an individual who is blind (SB 25);
- (5) Legislation necessary to design, establish, and implement the exchanges for health insurance coverage, including the following:
  - (A) Whether an exchange should be administered by an agency of the state or a nonprofit organization;
  - (B) Any necessary governing structure for an exchange;
  - (C) Authority and responsibilities of an exchange, including procedures for staff hiring and procurement of resources;
  - (D) Responsibilities of state agencies in coordination of activities with an exchange; and
  - (E) Other recommendations determined appropriate by the Health Finance Commission;
- (6) Innovations in nursing home services and housing (SC 11); and
- (7) Enhancing employment and training opportunities for Indiana's citizens with disabilities through studying the feasibility of establishing a non-profit business enterprises preference program for contracting or subcontracting with prime contractors for products and services provided by reviewing and making recommendations of how to maximize employment opportunities through IC 16-32-2 and IC 5-22-13 (SC 53, HR 40).

## **II. SUMMARY OF WORK PROGRAM AND TESTIMONY**

The Commission met four times during the 2011 interim: July 13, 2011; September 14, 2011; September 28, 2011; and October 18, 2011. For more detailed information concerning the

testimony at a meeting, please see the minutes on the Commission's website:  
<http://www.in.gov/legislative/interim/committee/hfco.html>

#### July 13, 2011

Seema Verma, Indiana Health Care Reform Lead, provided the Commission with an update on Indiana's development of a health care exchange program and other matters involving federal health care reform. The Commission heard from other interested parties concerning the development of a state health insurance exchange.

The Commission also heard testimony on innovations in the nursing home industry. Sister Barbara Ann Zeller told the Commission about Villas of Guerin Woods, which is a nursing home that is modeled after a home setting rather than an institutional setting. Mr. Vince McGowen, Magnolia Health Systems, stated that long term care focus should be on how to improve quality of care and how to keep an individual in the home with home health care. Mr. Christopher Nanni, Community Foundation of St. Joseph County, informed the Commission of a year-long initiative being conducted in South Bend, Indiana, to increase quality elder care through a regional nursing home learning collaborative.

#### September 14, 2011

The Commission heard testimony concerning the lack of traumatic brain injury rehabilitative services in Indiana, which forces individuals to seek care in neighboring states.

Dr. Lance Trexler, co-chairperson of the Brain Injury Association of Indiana, told the Commission that a committee led by the Association was developed to gather possible solutions for providing adequate brain injury services in Indiana. The committee determined the following solutions: (1) establishing a licensing category for neuro-behavior rehabilitation facilities administered by the Indiana State Department of Health (ISDH); (2) modifying existing Medicaid waivers and investing in resource facilitative services that improve return to work rates for people with brain injuries; and (3) ensuring quality coordination and cost effectiveness of brain injury services through an oversight committee. Ms. Pat Casanova, Office of Medicaid Policy and Planning (OMPP), stated that the lack of brain injury services is a statewide problem, not just a Medicaid issue. The commission heard testimony from nursing home representatives who stated that increased reimbursement would be needed in order to operate a neuro-behavioral rehabilitation facility.

The Commission heard testimony on the need to license diabetes educators to encourage growth in the profession and to protect consumers. Commission members questioned individuals on whether licensure was needed or whether certification would be sufficient. Ms. Anne Graves, Director of Health Initiatives, YMCA of Greater Indianapolis, described a five- year program operated by the YMCA for pre-diabetic individuals.

Dr. Elaine Cox, Riley Hospital for Children, informed the Commission that the federal Center for Disease Control (CDC) has recommended an opt out approach for HIV testing, indicating that

general consent for medical care should be sufficient to test for HIV. Dr. Madonna Biritwum, Parkview Hospital, advocated for an opt out model that includes a process of informed consent, education, assistance to patients who test positive for HIV or AIDS, and confidentiality for the patient. Mr. Paul Chase, representing himself, expressed concerns with changing the current testing laws. Mr. Brian Carnes, ISDH, testified that services for patients who have tested positive for HIV or AIDS are available through an ISDH-administered federal grant, in which money is allotted to a state based on the state's needs.

The Commission heard testimony concerning the relationship between a pharmacy benefit manager (PBM) and a health care provider. Ms. Heather Macek, Medco, stated that Medco is a PBM that looks for cost savings by switching an individual from a brand name drug to a generic drug. Ms. Macek stated that Medco will contact a provider to inform the provider that a generic is available for the prescription even if the provider had specified "dispense as written" on the prescription. Ms. Macek said that if the provider declines to prescribe the generic drug for the prescription, Medco enters that information into the system to block further requests to the provider for that prescription. Mr. Dederichs, Express Scripts, stated that Express Scripts, which is also a PBM, includes as part of a benefit model design a target for switching individuals from a brand name prescription to a generic drug. Mr. Don Stumpp, Indiana Medical Group Managers Association, testified that physicians often comment on the amount of uncompensated time spent dealing with a PBM concerning benefit issues.

The Commission heard testimony concerning improving employment opportunities for individuals with a disability. Mr. Mike Cruz, CDC Resources, stated that establishing a preference for state contract bids for the approximate 50 statewide companies that provide services to this population is one of the revenue solutions he has identified. Ms. Jill Dunn, President of Bona Vista Programs, asked for a level playing field in bidding for state contracts by providing for this preference. Mr. Jim Hammond, INARF, stated that this preference could be included in the existing state use program.

#### September 28, 2011

The Commission heard testimony concerning a proposal to require generic drug manufacturers to bid to participate in the Medicaid program. Mr. Michael O'Connor, Eli Lilly and Co., and Professor Mick Kolassa set forth the proposal. Ms. Sarah Jagger, OMPP, described Medicaid's current Maximum Allowable Cost (MAC) drug program and stated that OMPP still has some concerns and questions concerning Professor Kolassa's proposal. Other interested parties expressed concerns with the proposal as well.

Commission members heard testimony concerning whether to require hospitals to: (1) mandate hospital employees to receive the influenza immunization; and (2) report employee influenza immunization rates. Ms. Sarah Strawbridge, Indiana Immunization Coalition, testified that all hospital personnel, including students and medical staff, should be required to get the influenza vaccine and should be recorded by the hospital in the Children and Hoosiers Immunization Registry Program (CHIRP) database. Mr. Tim Kennedy, Indiana Hospital Association, told the Commission that a federal law that goes into effect in 2013 will require hospitals to report

employee flu immunization rates to the federal government and stated that a state reporting requirement is unnecessary.

Dr. Thomas Vidic, Elkhart, IN, informed the Commission that the American Academy of Neurology opposes generic substitution of anti-convulsant drugs for treatment of epilepsy without the attending physician's approval. Dr. Steven Maynard stated that seizure medications are only effective under a narrow therapeutic range and that changes in the drug given to a patient with epilepsy impact the individual's care. Ms. Brynna Clark, Indiana Generic Pharmaceutical Association, stated that the Federal Drug Administration (FDA) has reported the efficacy of generic drugs and that substitution is cost effective. Mr. Dave Dederichs, Express Scripts, stated that the existing law prohibiting substitution when the prescription specifies to "dispense as written" is sufficient.

Commission members heard testimony from Representative Craig Fry and other individuals concerning the problem the visually impaired have in reading prescription drug labels and the availability of low cost technology that can assist the visually impaired with this issue. Mr. Grant Monahan stated that his members are reviewing the various technologies available for reliability and cost.

Testimony was provided to the Commission concerning whether Indiana should license and regulate midwifery. Ms. Mary Ann Griffin testified that CPMs are licensed, certified, or registered in 28 states, and that Indiana is one of nine states that prohibit this type of midwifery. Ms. Griffin stated that home birth is safe and referred to the CPM 2000 study which found that home birth for low risk women is just as safe as hospital birth. Dr. Joseph LaRosa testified that the Indiana Section of the American Congress of Obstetricians and Gynecologists (ACOG) does not support lay midwifery. Other physicians testified in opposition to the proposal.

The Commission received testimony on the need to license adult day service facilities. Commission members discussed whether the issue of licensure was still in the development stage and may need more time before legislation is considered.

#### October 18, 2011

The Commission heard testimony concerning vendor credentialing at hospitals. Mr. Tim Kennedy, Indiana Hospital Association, and Ms. Joyce Irwin, Roche Diagnostics, told the Commission that they have been meeting through the last several months, they have compiled recommended procedures, the group will continue to meet, and legislation is not necessary at this time.

Ms. Seema Verma updated the Commission on multiple issues concerning federal health care reform and Indiana's status in reviewing various components of the federal law and regulations. Ms. Katie Brown, Christian Science Committee on Publication for Indiana, requested that spiritual care services be included as a covered service in implementing health care reform.

### **III. COMMITTEE ACTION**

Chairperson Miller stated that the following issues discussed during the interim would not be voted on by the Commission: (1) midwifery; (2) prescription labeling access for the blind; (3) diabetes educator certification; and (4) hospital employee immunization requirements and reporting. Chairperson Miller stated that because hospitals are implementing mandatory policies for influenza vaccination programs for hospital workers and because federal rules will require reporting in 2013, state reporting requirements may be unnecessary.

#### **PD 3256- Reestablishment of FSSA**

Staff provided information concerning this draft that would reestablish the offices and divisions of FSSA that expired. Commission members discussed various components of the PD before voting 18-0 to recommend the PD.

#### **PD 3175- HIV Testing**

This PD allows a person to perform a screening or test for HIV unless the individual to be tested indicates a refusal to consent to the test in writing and requires a physician to document a refusal. The Commission discussed how the language may change the current procedures used at hospitals and voted 15-2 to recommend the PD.

#### **PD 3278- Brain Injury Services Study and Committee**

This PD requires the State Department of Health and FSSA to study how to implement brain injury services and neurobehavioral rehabilitation programs in Indiana and to report their findings to the Commission before October 1, 2012. The PD also establishes a brain injury treatment committee to assist with the study. The Commission discussed the make-up of the committee and it was moved and seconded to add the Director of the Division of Aging and one consumer to the committee. The Commission voted 18-0 to recommend the amended PD.

#### **PD 3246- Coverage for Brand Name Anti-epileptic drugs**

This PD prohibits health insurers from placing specified restrictions on brand name anti-epileptic prescription drugs if the same restrictions are not placed on a generic anti-epileptic prescription drug. The Commission received testimony from the insurance industry opposing the PD, stating that the issue concerning brand name anti-epileptic drug substitution is not related to insurance. It was moved and taken by consent to add coverage of state employees to the PD. The PD was defeated 6-11.

#### **Final Report**

The Commission's final report was presented to the Commission, and Chairperson Miller reminded the Commission that today's testimony would need to be added to the report. The Commission adopted the final report 17-0.



## WITNESS LIST

Marty Allain, IPLA  
Linda Barton-Kirch, RN, CNM  
Doug Beebe, Co-Chairperson of the Brain Injury Association of Indiana  
Dr. Madonna Biritwum, Parkview Hospital  
Katie Sue Brown, Christian Science Committee on Publication for Indiana  
Elena Butkus, Director of Government Relations, Mid-America Region, Aetna  
John Cardwell, Generations Project  
Brian Carnes, ISDH  
Pat Casanova, OMPP, FSSA  
Zach Cattell, IHCA  
Georg'ann Cattelona, Director of Bloomington Area Birth Services  
Paul Chase, AARP, self  
Libby Cierzniak, Delta Dental, YMCA  
Brynna Clark, Generic Pharmaceutical Association  
Lesley Connery, Christian Science Committee on Publication for Indiana  
Dr. Elaine Cox, Riley Hospital for Children  
Mike Cruz, CDC Resources, Inc.  
Heidi Curtis  
Heather Dane  
Dave Dederichs, Express Scripts  
Anne Doran, Eli Lilly and Co.  
Jill Dunn, Bona Vista Programs  
Michael DuValle, IDOA  
Anne Graves, Director of Health Initiatives, YMCA of Greater Indianapolis  
Dr. Charlene Graves, Indiana Chapter of the American Academy of Pediatrics  
Shannon Greika  
Mary Ann Griffin, CPM  
Jim Hammond, INARF  
Dr. Lindsay Harmon, Emergency Room Physician  
Charlie Hiltunen, Indiana Minority Health Coalition  
Julia Holloway, DDRS, FSSA  
June Holt, Consumer  
Dr. Maria Del Rio Hoover  
John Huffman, American Council of the Blind of Indiana  
Joyce Irwin, Roche Diagnostics  
Sarah Jagger, OMPP  
Susan Jones  
Tim Kennedy, IHA  
Mick Kolassa, MME, LLC  
Dr. John Labban, Bloomington, IN  
Dennis Lanane, President, United Senior Action of Indiana  
Dr. Joseph LaRosa  
Jim Leich, IAHSa  
Heather Macek, Medco

Lee Martin  
Dr. Steven Maynard, Terre Haute, IN  
Vince McGowen, Magnolia Health Systems  
Tina McIntosh, Indiana Association of Adult Day Services  
David Miller, Certified Diabetes Educator  
Grant Monahan, Indiana Retail Council  
Christopher Nanni, V.P. of Programming, Community Foundation of St. Joseph County  
Dennis Neary, IHCA  
Michael O'Connor, Eli Lilly and Co.  
Doris Parlette, consumer  
Vicki Perry, Advantage Health Solutions  
Michelle Rice, National Hemophiliac Foundation  
Mark Richert, American Foundation for the Blind  
Mike Rinebold, Indiana State Medical Association  
Rylin Rogers, Indiana Chapter of the American Academy of Pediatrics  
Geoff Sandler, Senior Actuary, Aetna  
George Schaffer, consumer  
Dr. Rhonda Sharp  
Glenna Shelby, ISNA  
Kim Smith, Indiana Association of Adult Day Services  
James Specker, American Association of Diabetes Educators  
Robert Spolyar, CVS/Caremark  
Sarah Strawbridge, Indiana Immunization Coalition  
Don Stumpp, Indiana Medical Group Manager's Association  
Mary Teipen, Certified Diabetes Educator  
Dr. Lance Trexler, Co-Chairperson of the Brain Injury Association of Indiana  
Seema Verma, Indiana Health Care Reform Lead  
Dr. Thomas Vidic, Elkhart, IN  
Sister Barbara Ann Zeller, President/CEO Villas of Guerin Woods